

AN ACT

relating to automobile club memberships offered in connection with certain motor vehicle retail installment contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 348.005, Finance Code, is amended to read as follows:

Sec. 348.005. ITEMIZED CHARGE. An amount in a retail installment contract is an itemized charge if the amount is not included in the cash price and is the amount of:

(1) fees for registration, certificate of title, and license and any additional registration fees charged by a full service deputy under Section 520.008 [~~502.114~~], Transportation Code;

(2) any taxes;

(3) fees or charges prescribed by law and connected with the sale or inspection of the motor vehicle; and

(4) charges authorized for insurance, service contracts, warranties, automobile club memberships, or a debt cancellation agreement by Subchapter C.

SECTION 2. Subchapter E, Chapter 348, Finance Code, is amended by adding Section 348.414 to read as follows:

Sec. 348.414. AUTOMOBILE CLUB MEMBERSHIP OFFERED IN CONNECTION WITH RETAIL INSTALLMENT CONTRACT. (a) A retail seller may, at the time a retail installment contract is executed, offer to

1 sell to the retail buyer an automobile club membership.

2 (b) The retail seller shall give the retail buyer written
3 notice at the time the retail installment contract is executed that
4 the retail buyer:

5 (1) is not required to purchase the membership as a
6 condition for approval of the contract; and

7 (2) is entitled to cancel the membership and receive a
8 full refund of the purchase price of the membership before the 31st
9 day after the date the contract is executed.

10 (c) The retail seller shall notify the retail buyer if the
11 membership includes services that are provided by the manufacturer
12 as part of the motor vehicle purchase.

13 (d) The amount charged for a membership as authorized by
14 Subsection (a) must be reasonable.

15 SECTION 3. The changes in law made by this Act apply only to
16 a retail installment contract executed on or after the effective
17 date of this Act. A retail installment contract executed before the
18 effective date of this Act is governed by the law in effect when the
19 retail installment contract was executed, and the former law is
20 continued in effect for that purpose.

21 SECTION 4. This Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I certify that H.B. No. 2462 was passed by the House on April 18, 2013, by the following vote: Yeas 140, Nays 3, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2462 on May 16, 2013, by the following vote: Yeas 139, Nays 2, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2462 was passed by the Senate, with amendments, on May 15, 2013, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor